



Create a Million-Dollar TFSA With Just \$1,000

Description

Motley Fool investors have been using their Tax-Free Savings Account (TFSA) to create wealth for 13 years now. The contribution limit has grown steadily, where now you can put aside \$81,500 to invest and take out tax free when needed. But if you invest long term, it's never been easier to create a million-dollar portfolio on the **TSX** today.

With such low prices, you don't have to invest \$81,500 to create a million-dollar portfolio. In fact, if you can afford to put aside \$1,000 on a consistent basis, you can easily create a million-dollar portfolio far before retirement.

Here's how.

Be consistent

The key to creating wealth is consistency. You need to take the emotion out of it and invest in the right places at regular intervals. Notice I didn't say to invest at the right *time*. This is where Motley Fool investors might get tripped up. While you wait for some stocks to drop, you could miss out on long-term opportunities. Even waiting around for a month for a 10% drop could mean you miss out on the 5% growth or so that happened before.

So, be consistent and invest regularly once you find a good investment. That could be once a month, once a quarter, or once a year. But a great idea is to set up automatic contributions. That's on two counts. First, create automated contributions to transfer cash from your savings into your TFSA. Then set up contributions for automatic investing into a stock of your choice.

A choice to consider

Don't seek out growth stocks; instead, find blue-chip companies that have been around for decades. This means they'll likely be around for decades more. And that will create consistent income and a safe way to invest your funds on a regular basis.

While investing in banks and energy have long been strong choices, Canada is far too reliant on these industries. This means they're subject to fluctuate too much during falls. Instead, I would perhaps consider telecommunications. The only volatility we saw from this industry was during the dot-com crash. Since then, telecom companies have been solid investments for Motley Fool investors to consider — especially on the TSX today.

Above them all, I would choose **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). It holds the largest market capitalization of the top telecom companies at \$58.16 billion as of writing. It offers a dividend yield of 5.88% at trades at a pretty valuable 19.69 times earnings. Furthermore, shares are up 52% in the last decade. That's not a huge amount, but it's steady. And with more growth recently thanks to the rollout of 5G and its fibre-to-the-home network.

Create that million-dollar portfolio

Let's take BCE stock as an example for Motley Fool investors to use in their TFSA. Let's say you are able to invest \$1,000 each year in BCE stock. You then reinvest your dividends, and we expect the same amount of growth over the next few decades. That includes dividend growth as well.

In that case, we've seen a compound annual growth rate of 4.94% in dividends and 3.89% in share growth. So, if you reinvested dividends and invested \$1,000 each year, it would take you 43 years to pass that million-dollar point and reach \$1.083 million.

That's a long time. *But* it's consistent, it's stable, and it's a reasonable amount for anyone to invest in their TFSA each year.

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1. Dividend Stocks
2. Investing

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